

Nevertheless, homeownership remains the single most important wealth-building tool available to families in this country. In fact, housing experts are saying that now is the time to buy. A sustained rebound in housing is therefore absolutely vital to Federal, State and local efforts to spark a broader economic recovery.

Regrettably, I have spoken to a number of mortgage brokers in Indiana and they tell me that many first-time homebuyers, who could otherwise buy a home, are finding themselves locked out of the housing market by the very rules and regulations we put into place to protect consumers from the so-called predatory lending practices that created the sub-prime mortgage mess in the first place.

I am not suggesting that we should return to the unchecked lending of the last decade, where someone could put no money down, show no proof of income or employment and walk away with a million dollar mortgage. But I am suggesting that we need to be vigilant for circumstances where—either through legislative or regulatory action—the Federal government may have inadvertently swung the pendulum too far in the direction of restricting access to the mortgage market in the name of consumer protection.

There are two letters I received from mortgage brokers in Indiana that point to one potential example. The issue relates to variable rate pricing of mortgage insurance for Federal mortgage loans.

These letters show these two mortgage agents both believe that the Federal Housing Administration's shift in policy from charging a flat-rate for mortgage insurance to charging a variable rate based on a person's credit score, has unfairly excluded some qualified buyers from the dream of home ownership.

I am not a mortgage expert; Madam Speaker, so I will defer to the experts as to whether the shift from flat-rate pricing to variable rate pricing is truly preventing would be homeowners from buying a home; but I would like to cite for the record a 2007 report done by the nonpartisan General Accountability Office regarding the proposed changes to the Federal Housing Administration's lending standards, including the shift to variable rate pricing of mortgage insurance premiums. The report reads, in part:

"... our analysis of data for FHA's home purchase borrowers in 2005 showed that, under FHA's risk-based pricing proposal, about 43 percent of those borrowers would have paid the same or less than they actually paid, 37 percent would have paid more, and 20 percent would not have qualified for FHA insurance."

In other words, GAO's analysis, based on my understanding of the report, seems to suggest that variable rate premiums, based on perceived risk, send little extra money into the mortgage insurance trust fund to protect the funds from increased defaults but deny 20 percent of applicants FHA mortgage insurance—and by extension a mortgage.

If GAO's analysis is correct, and I have no reason to doubt GAO's findings, it would seem to support the arguments offered by the mortgage brokers from Indiana I cited earlier. In that case, Madam Speaker, I would ask my colleagues on the Finance Committee to give all due consideration to investigating the policy of variable rate pricing, in order to ensure that truly qualified borrowers are not being unfairly pushed out of the housing market.

ALL STAR MORTGAGE COMPANY,
August 19, 2009.

Congressman DAN BURTON,
Rayburn H.O.B.,
Washington, DC.

DEAR CONGRESSMAN BURTON: I am writing this letter as a follow up in regards to our meeting last week. The American consumer that desires to purchase a new home or refinance their existing home is at a distinct disadvantage considering Fannie Mae and Freddie Mac's unfair increased risk based pricing and mandatory delivery fees. These excessive fees and higher down payments are stifling the real estate market. They are overly burdensome to consumers, even those with perfect payment histories. This is not only stalling the housing recovery, but also inhibiting the overall economy, as many industries are housing related. This unfair practice is excluding many well-qualified borrowers from the dream of home ownership. It would be my hope that Congress would call for Fannie Mae and Freddie Mac to revisit their current policy of charging higher fees and requiring larger down payments to certain qualified borrowers, than they would charge an equally qualified borrower based solely upon credit score without regard to the borrower's actual credit repayment history.

Sincerely,

GREG EVANS,
President.

1ST MORTGAGE OF INDIANA, INC.,
Indianapolis, IN, August 19, 2009.

Congressman DAN BURTON,
Rayburn H.O.B.,
Washington, DC.

DEAR CONGRESSMAN BURTON: Many American consumers that desire to purchase a new home, or refinance their existing home, are being discriminated against based solely upon their Fico credit scores. We believe that Fannie Mae and Freddie Mac's increased risk based pricing, and mandatory delivery fees are unfair and excessive. These fees are overly burdensome to consumers, including many consumers with perfect payment histories. This is stalling the housing recovery and also inhibiting the overall economic rebound, as many industries are housing related. This unfair practice is excluding many well-qualified borrowers from the dream of home ownership. Please allow me to cite one real life example. We recently attempted to assist a 1st time home buyer who had a long credit history. Her re-payment history was perfect! She never had a single late payment! She had sacrificed and saved for years to come up with a 20% down payment. However, due to the type of credit she had established and had utilized (mostly revolving accounts vs. installment loans), her Fico score was 679. Based on Fannie Mae and Freddie Mac's risk based pricing, an additional fee of 2.5% of the loan amount would have been due and payable directly to Fannie or Freddie. With her loan amount of \$250,000, that equated to \$6250 in additional fees. This unfair additional fee caused her family to delay their dream of homeownership, and also prevented the would-be seller from selling their home and purchasing another. Sadly, this scenario is being repeated over and over nationally. Please call on FNMA and FHLMC to stop charging these excessive fees!

Sincerely,

J. MICHAEL STRAWN,
VP.
CATHERINE J. STRAWN,
President.

IN RECOGNITION OF THE LIFE OF
JAMES W. ANDERSON

HON. MIKE ROGERS

OF ALABAMA

IN THE HOUSE OF REPRESENTATIVES

Monday, November 2, 2009

Mr. ROGERS of Alabama. Madam Speaker, I would like to request the House's attention today to pay recognition to the memory of James Anderson of Salem, Alabama.

Mr. Anderson was born on December 12, 1969, and grew up in Smiths Station, Alabama. Mr. Anderson was married to Corinna and blessed with two children, Kristopher and Kelli, and a grandson, Jason James. Mr. Anderson loved Alabama football and Columbus Cottonmouth hockey.

Mr. Anderson served our community as a deputy for the Lee County Sheriff's Office. On September 24, 2009, Mr. Anderson was intentionally and tragically struck by an automobile during a traffic stop. He was transported to Columbus Medical Center where he, despite best efforts, later passed away.

He will be sorely missed, but remembered as a man who gave selflessly for his fellow Alabamians. Let us continue to pray for his loved ones at this difficult time.

CONFERENCE REPORT ON FISCAL
YEAR 2010 DEPARTMENT OF
HOMELAND SECURITY APPROPRIATIONS ACT (H.R. 2892)

HON. BETTY McCOLLUM

OF MINNESOTA

IN THE HOUSE OF REPRESENTATIVES

Monday, November 2, 2009

Ms. McCOLLUM. Madam Speaker, I rise in support of the Conference Report on the Fiscal Year 2010 Department of Homeland Security Appropriations Act. Chairman OBEY and Chairman PRICE deserve recognition for their leadership in crafting a fiscally responsible bill that provides vital aid for our first responders and also makes key investments to improve the security of our borders, ports, and aviation and transit systems.

With this bill, Congress takes important steps to close the Guantanamo Bay Detention Facility while also ensuring the security of the United States. H.R. 2892 prohibits the transfer of Guantanamo detainees to the United States, except for the purpose of criminal prosecution. The President must report to Congress any detainee transferred to the U.S. or any other country. This bill mandates the inclusion of all Guantanamo detainees on the TSA "No Fly List."

Madam Speaker, I also oppose the Republican Motion to Recommit on H.R. 2892, which would prevent detainees held at Guantanamo Bay to be brought into the United States for prosecution or incarceration. This motion is unnecessary due to the safeguards contained in this conference report. The Guantanamo Bay Detention Facility is a disturbing and unfortunate chapter in our Nation's history. Under the leadership of President Obama, the United States will close the detention center and restore our commitment to human rights and justice.

I urge a "no" vote on the Republican Motion to Recommit and urge my colleagues to support final passage.